Increasing incidents of Bank Frauds

923. SHRI RAJNI RANJAN SAHU: Will the Minister of FINANCE be pleased to state :

(a) whether Government have asked the Central Bureau of Investigation ai d the RBI to step up meaures to check the increasing incidence of bank frauds;

(b) If so, in what precise context and circumstances, indicating the number and nature of bank frauds during the past two years that from the basis of these directions ; and

(c) tlie steps taken in this regard and with what results so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHFKARA MURTHY):(a)to (c) The public sector banks at the instance of Government and Reserve Bank of India (RBI) have taken serveral iteps from time to time for prevention of frauds. These steps include issuing oi prehensive guidelines by RBI for strengthening the control mechanism in banks, review of fraud cases on a continual' basis by RBI, setting up a Special Investigation Cell in RBI proper (raining of operational personnel etc. The banks have also been impressed upon to clear the arrears in balancing of books and reconciliation of inter-branch and other accounts on a continuous basis so as to prevent frauds in these areas. RBI also monitors the progress made by the banks in implementation of various accepted recommendations of the Ghosh Committee The information readily available relating to the number of frauds reported by public sector banks (including frauds in overseas branches) to RBI and the amount involved for the years 1992 and 199J is given below:—

	1992	1993
Number of frauds	1717	2213
Amount involved (Rs. in lakhs)	14449.10 +Fijian Dollars 1500	32032.43

Note: Data Provisional

According to RBI, most of the frauds have taken place in the areas of bill portfolio, fraudulent alteration in instruments, removal of stocks charged to Uic bank, fraudulent withdrawals in deposit accounts, bills returned unpaid, fraudulent money transfers and encashment of demand drafts etc.

CBI have reported that orders have been issued to sanction 353 additional posts of various ranks to CBI to strengthen Anti-Corruption ion and to set up a new Economic Crimes Division to deal with investigation of economic offences exclusively. Bank securities and Fraud Cell in each Zone of the new Economic Crimes Division of CBI wiH be dealing with cases of serious Bank Frauds all over the country.

World Bank Loans to India

924. SHRl RAJNI RANJAN SAHU:Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item published in "The Pioneer" of October 10,1994 to the effect that India lost over s 700 million in World Bank loans over the last fiscal year due to non-performance, since India failed to pass legislation to improve approvals for contracts and other procurement and procedural measures of executions as required by the Bank; and

(b) if so, what were the precise requirement of the World Bank the reasons for failure to comply and the schemes and projects effected on this account?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) No World Bank loans were lost due to non-performance since India failed to pass legislation to improve approvals for contracts and other procurement and procedural measures required by

the Bank. However, loan amount in some projects were cancelled due to savings, restructuring, closure or slow utilisation of loan, after consulta tion by the Bank with Government and project authorities.

Finalisation of Balance sheet to nationalised Banks

925. SHRl RAJNI RANJAN SAHU : Will the Minister of FINANCE be pleased to state:

(a) whether balance sheet for the year ending 1993-94 in respect of all nationalised and other banks have been finalised;

(b) if not, how many and \, banks have not finalised the balance sheet and reasons therefor; and

(c) whether Banks which were found involved in the security scam, have accounted for the unreconciled scam amount in their balance sheet of 1993-94?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASIIEKARA MURTHY): (a) and (b) Rv Bank of India (RBI) has reported that except Punjab National Bank, Benares State Bank Ltd. and Kashi Nath Seth Bank Ltd., all other nationalised banks and banks in the private and foreign sectors have finalised their balance sheets for the year ended 31st March, 1994. While finalisation of the balance sheet of Punjab National Bank is held up pending a decision on the capita! restructrure arising out offaeficit of erstwhile New Bank of India as on 4-9-93, the balance sheets of Benares State Bank Ltd. and Kashi Nath Seth Bank Ltd. have not been finalised by their statutory auditors.

(c) The banks have reported thar their balance sheets have been prepared in accordance with the approved guidelines for the year and certified by the respective auditors.

Amount of public deposit in different Banks

926. SHRI JOY ANTA ROY: Will the Minister of FINANCE be pleased to state:

(a) the total amount of public deposits, in different commercial banks in the country upto 31st March, 1994 state-wise ; and

(b) the amount of investment, State-wise , in. agricultural and industrial sectors from different Commercial Banks upto 31st March, 1994, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. (CHANDRASIIEKARA MURTHY): (a) The State-wise amount of deposits of all scheduled commercial banks as at the end of March 1994 is given in Statements-I *(See* below)

(b) The outstanding amount of advances extended by scheduled commercial banks to agriculture and industrial sectors as at the end of March 1994 was as under:—

(Rs. in crores%

Sectors	Amount outstanding
Agriculture	21208
Industrius	80492
(a) Small Scale Industries	22620
(b) Large & Medium Industries	57872